

MARCH
2013

OFFICE OF AERONAUTICS
FUNDING PROGRAMS



MICHIGAN DEPARTMENT OF TRANSPORTATION

OVERVIEW

The Office of Aeronautics is responsible for the overall administration of aviation programs and airport development projects within the state. Its authority encompasses programming, planning, design, and construction of all airport development projects. Aeronautics also provides assistance to local communities and municipalities in the development and coordination of scheduled air service and, based on the objectives outlined in the Michigan Airport System Plan (MASP 2008), promotes state commerce and air travel, thus facilitating the preservation and/or expansion of the existing aviation network to meet Michigan's aviation demands.

The role of Aeronautics with the assistance to Michigan airports is two-fold:

- 1) to participate in the financial cost of capital development projects, and
- 2) to act as agent for the local airport by overseeing contracting, engineering management, and financial accounting for airport improvement projects.

State funding for aviation projects derives from two sources: 1) the Michigan Aeronautics Fund, and 2) the state General Fund (GF). (In Fiscal 2013, there is a one-time only contribution of \$10 million for the Airport Capital Improvement Program from the GF). Aeronautics distributes federal funds from the Federal Aviation Administration (FAA) to Michigan's aeronautical programs.

Aeronautics maintains and updates a five-year airport funding program, a program designed to identify future funding needs for airports meeting specific requirements. Projects are prioritized in accordance with federal (if applicable) and state eligibility requirements.

ELIGIBILITY STANDARDS FOR FEDERAL AND STATE-SUPPORTED PROJECTS:

- A publicly owned airport is eligible for federal/state/local funding if the airport is included in the National Plan of Integrated Airport Systems (NPIAS).
- A private airport is eligible under the federal program if the facility is listed as a reliever airport in the NPIAS.
- A private airport is eligible under state programs if the facility is listed in the MASP 2008, public use and carries a general utility license.
- Airports must adhere to approved master plans, state and federal environmental clearances, and contractual requirements.
- Airports must agree to all grant conditions and assurances listed in the grant agreements.

FUNDING PROGRAMS

FEDERAL/STATE/LOCAL AIRPORT DEVELOPMENT PROGRAM

This program is designed for use by airports with relatively large capital improvement projects; i.e., new runways, runway extensions, parallel taxiways. Funding from this program is divided as follows: 90 percent federal/5 percent state/5 percent local (subject to current funding limitations). Funding splits also are subject to federal legislation. In addition to capital improvement projects, planning projects also may be considered for funding under this program. An Airport Master Plan includes a study of aviation needs and a 20-year plan for proposed airport improvements. Master plans are used as a guide in the systemic development of the airport. Federal and state funds may not be used for operations at airport facilities, as these are the sole responsibility of the airport sponsor/owner.

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STATE/LOCAL SMALL AIRPORT DEVELOPMENT PROGRAM

This program provides state and local funds for capital improvement projects at airports with less than 150 based aircraft. State funds are limited to 90 percent of an eligible project, with the remaining 10 percent derived from local funds. Large projects that are ineligible or projects that do not meet qualifications to be included in the federal program are funded under this program.

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STATE/LOCAL AIRPORT DEVELOPMENT PROGRAM

This program requires matching state and local funds for capital improvement projects. State funds are limited to \$150,000. State funds must be matched with local funds on a 50/50 basis. Statewide preventive maintenance projects, such as crack sealing and pavement marking, are funded under this program.

The development of airport zoning plans may be funded under the state/local program. A zoning plan is prepared to ensure land-use compatibility and compliance with the Tall Structures Act as it relates to the surrounding area. A zoning ordinance is customarily developed as part of the planning process.

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LOAN PROGRAM

This program allows a publicly owned airport to borrow up to \$100,000 for airport-related projects. The interest rate on the loan, established annually by the state treasurer, is currently at 3.3 percent per annum (January 2013). Repayment is scheduled in yearly installments over a maximum 10-year period.

Loans are often used by sponsors for their local match obligation in capital improvement projects; however, a loan may not exceed 90 percent of the sponsor's match of the overall project cost.

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AIR SERVICE PROGRAM

This program, aimed at improving scheduled air service at local airports, is comprised of three categories:

- **Capital Improvement and Equipment:** This category includes state funding of up to 90 percent for air carrier airports with less than 100,000 annual passenger enplanements and 50 percent state participation for airports exceeding 100,000 enplanements. The maximum state dollar amount may not exceed \$80,000.
- **Carrier Recruitment and Retention:** This category is designed to assist in the establishment, maintenance, and enhancement of air service at Michigan airports and consists of three elements: feasibility studies, risk sharing, and incentives. Funding through this program is targeted to air carrier airports with less than 100,000 annual passenger enplanements.
- **Airport Awareness:** This category relates to initiatives for increasing public awareness of local air carrier airports, as well as passenger and cargo service. A maximum of 90 percent in state funds, up to \$25,000, is available over a 12-month period at air carrier airports with less than 100,000 annual passenger enplanements.

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AIRPORT RESCUE AND FIREFIGHTING TRAINING (ARFF):

The Michigan Aeronautics Commission approved a grant program not to exceed \$36,000 for ARFF training needs, handled as part of the Air Service Program. This program would provide training funds to eligible commercial service airports limited in an amount equal to 50 percent of costs up to a maximum of \$2,000 per airport. Priority would be given to fully certificated FAR Part 139 airports, followed by limited-certificated airports.

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ALL WEATHER AIRPORT ACCESS PROGRAM

This program provides aviation weather reporting and dissemination at various airports throughout the state. The weather reporting and dissemination aspect of this program corresponds to the purchase and installation of Automated Weather Observation Stations (AWOS), a system of collecting and disseminating current AWOS data to the FAA's National Aerospace Data Interchange Network (NADIN), and can include a Weather Briefing System.

The AWOS is a computer-based system that uses automated sensors to gather and report on weather data specific to its location. Weather data are available to pilots in three ways: 1) an automated voice system, which transmits minute-by-minute updates via an aeronautical radio (VHF discreet or VOR); 2) automated voice system (available on a dial-up basis) via telephone; and 3) weather information from NADIN, available through any approved weather reporting service. The Weather Briefing System, which is satellite or internet-based, allows a pilot to access weather information from any reporting station included in the NADIN network. Funding for the purchase and installation of the AWOS is a combination of federal, state, and local funds; operating costs (data collection/distribution and maintenance) for new installations are a local airport responsibility. Aeronautics arranges for the purchase and installation of the system.

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APPLICATION PROCESS

Requests for project funding or loans may be submitted to Aeronautics at any time throughout the year. However, requests for funding for airport development projects are generally made in conjunction with programming meetings scheduled by Aeronautics staff.

APPLICATIONS FOR AIRPORT DEVELOPMENT PROJECTS

Applications for funding must contain:

- Name, address and telephone number of the airport owner. Applications must be signed by an authorized airport official.
- A detailed description of the proposed construction project.
- Estimated costs for acquisition, design, construction, and management of the project. Construction costs should include per-unit costs for major items, such as bituminous material (cost per ton), base course (cost per cubic yard), fencing (cost per linear foot), etc.
- Date of completion (including five-year plan of development, if appropriate).
- Project justification.
- A sketch of the airport layout with proposed improvement(s) identified on the sketch.

PLEASE SUBMIT REQUESTS TO

Betsy Steudle, Engineer Manager
Office of Aeronautics
2700 Port Lansing Road
Lansing, MI 48906-2160

APPLICATIONS FOR LOAN PROGRAM

Prior to requesting a loan, the borrower must be pre-approved by the Michigan Department of Treasury, Local Government Services, Municipal Finance Section.

To request a loan, the following supporting documentation must be included:

- A detailed description of the proposed project.
- A sketch showing the proposed project and its location.
- Cost estimates of the proposed work, including construction, engineering administrative costs, and contingencies.
- Certification that the sponsor has 10 percent of the total cost available (expressed in an exact dollar amount).
- The loan request must be signed by an official legally empowered to obligate the governing unit.

Aeronautics staff can provide assistance at any step in the loan process.

PLEASE SUBMIT LOAN REQUESTS TO

Leanne Hengesbach, Departmental Analyst
Office of Aeronautics
2700 Port Lansing Road
Lansing, MI 48906-2160

APPLICATIONS FOR AIR SERVICE PROGRAM

This Program is dependent on annual legislative appropriations and funding availability. Requests for Air Service Program funding are made generally in response to official notices of funding availability and/or Calls for Projects. However, inquiries regarding Program participation may be made throughout the year.

PLEASE SUBMIT INQUIRIES TO

Richard Hammond, Administrator
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FOR ECONOMIC BENEFIT AND IMPROVED QUALITY OF LIFE



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